MULTIMEDIA UNIVERSITY*

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2022/2023

DFA5034 – FINANCIAL ACCOUNTING 3

(All Sections / Groups)

10 JULY 2023
9.00 a.m – 12.00 p.m
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 6 pages with 4 questions.
2. Write your answers in the answer booklet provided.
3. Answer ALL questions.

QUESTION 1

Suria Enterprise uses the perpetual inventory system and had the following purchases and sales during the month of June 2022:

Date	Transactions	Purchases		Sales	
		Units	Unit Cost (RM)	Units	Sales Price (RM)
June 1	Beginning inventory	340	95		
7	Purchases	90	92		
13	Sales			350	282
16	Purchases	300	95		
20	Purchases	80	100		
23	Sales			110	286
26	Sales			300	288
29	Purchases	350	106		

Required

(a) Using the inventory and sales data above, prepare a schedule to show cost of goods sold and the value of ending inventory for the month of June 2022 using the:

i. FIFO Method. (13.5 marks)

ii. Average-cost Method. (8.5 marks)

(b) Prepare the Statement of Profit or Loss June 2022 under Average Cost Method, assuming that the operating expenses is RM44,600. (3 marks)

(Total: 25 marks)

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QUESTION 2

Part A

Given below are the trading securities portfolio owned by Max Creative Company and its ownership percentage, held as short-term investment as at 1 January 2022.

Securities	Number of Shares	Cost (RM)
Rose Company (15%)	23,000	161,000
Sunny Company (30%)	23,500	117,500
Thalia Company (35%)	50,000	175,000

Max Creative Company cannot exercise significant influence over Rose Company. However, the securities in Sunny and Thalia Company are held for influence or control over the investees. Below are the transactions that occurred in the year 2022.

May 1	Purchased 250, 6%, RM1,500 Allen Company bonds for RM375,000 plus brokerage fees of RM8,000.
Sept 1	Sold 5,500 shares of Rose Company's common shares for cash at RM8.00 per share, less brokerage fees of RM1,000.
Oct 1	Sold half of bonds in Allen Company for RM183,500, less brokerage fees of RM2,500.
Nov 1	Received cash dividend of RM2.50 and RM1.10 per share in Rose and Thalia Company, respectively.
Dec 15	Sunny and Thalia Company reported net income of RM670,000 and RM440,000, respectively.
Dec 31	Accrued the interest on Allen Company's bonds.
Dec 31	Sunny Company declared and paid dividend for the year amounted to RM400,000.

As at 31 December 2022, the fair values of the securities are as follows:

Securities	Fair Value per share
Rose Company	RM7.90

Required

(a) Journalise the transactions for the year 2022. (10 marks)

(b) Prepare the ledger for Share Investments account. (4 marks)

(c) Prepare the adjusting entry as at 31 December 2022 to show the securities at fair value. *Show all your workings.* (3 marks)

Continued...

(d) Show the presentation of partial Statement of Profit or Loss for the year ended 31 December 2022. (3.5 marks)

Part B

(a) Identify **THREE (3)** differences between cost method and equity method of accounting for share investments. (3 marks)

(b) State the **THREE (3)** entries to record debt investments. (1.5 marks)

(Total: 25 marks)

QUESTION 3

Part A

Presented below are Comparative Statement of Financial Position for Adam Rich Company:

Adam Rich Company **Comparative Statement of Financial Position** **as at 31 December**		
	2021	**2022**
Current Assets		
Cash	RM53,000	RM72,000
Account receivables	66,000	85,000
Inventories	49,000	30,300
Prepaid insurance	37,900	32,700
	205,900	220,000
Investment		
Investment	85,000	220,000
Non-Current Asset		
Plant and machinery	496,000	596,000
Less: Accumulated depreciation – Plant and machinery	(279,000)	(320,000)
	217,000	276,000
TOTAL ASSETS	**RM507,900**	**RM716,000**
Current Liabilities		
Account payables	226,900	223,700
Rental payable	67,000	85,000
	293,900	308,700
Non-Current Liability		
Bond payable	58,000	71,000
Issued and Fully Paid up Capital		
Ordinary shares	122,700	248,000

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Reserve		
Retained profit	33,300	88,300
TOTAL LIABILITIES AND EQUITIES	**RM507,900**	**RM716,000**

Required

Prepare a vertical analysis of the Statement of Financial Position data for the year 2021 and 2022. (14 marks)

Part B

Presented below are the selected comparative financial data for Jelitasuria Company as of 31 December:

	2022	2021
Net sales	RM800,000	RM740,000
Cost of goods sold	480,000	440,000
Interest expense	7,000	5,000
Net income	60,000	42,000
Accounts receivable	120,000	100,000
Inventory	85,000	75,000
Total assets	600,000	500,000
Total common stockholders' equity	430,000	320,000

Required

Compute the following ratios for the year 2022:

(a) Profit margin. (1.5 marks)
(b) Asset turnover. (1.5 marks)
(c) Return on assets. (1.5 marks)
(d) Return on common stockholders' equity. (1.5 marks)

Part C

Six Point Solution sold laptops with a 1-year warranty. Past experience indicates that 6% of the units sold will be returned during the warranty period for repairs. The average cost of repairs under warranty is estimated to be RM550 per unit. During year 2022, 750 units were sold at price of RM4,500 each including 6% sales tax. During the year, repairs were made on half of the estimated units returned at a total cost of RM7,470.

Required

Prepare journal entries to records:

(a) Sales revenue and sales tax payable in year 2022. (2.5 marks)

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(b) Estimated warranty expense for the year and the repairs made under warranty. (2.5 marks)

(Total: 25 marks)

QUESTION 4

Part A

Intan and Hannah are the partners of I&H Partnership. The partnership agreement provides for:

i. salary allowances of RM64,000 to Intan and RM57,000 to Hannah.
ii. interest allowances of 6% on capital balances at the beginning of the year.
iii. the remainder income is to be shared equally.

Capital balances on 1 January 2022 were Intan RM410,000, and Hannah RM440,000. In year 2022, partnership net income is RM595,000.

Required

(a) Prepare a schedule showing the distribution of net income. (6.5 marks)

(b) Journalise the allocation of net income. (1.5 marks)

(c) Show a partial schedule showing the distribution of net income if the net income is RM100,100. (3 marks)

Part B

The following are selected transactions of Lila Company for the year 2022. The Company prepares its financial statements quarterly.

Jan	2	Purchased merchandise on account from Addra Company, RM77,500, terms 2/10, n/30.
Feb	1	Issued a 6%, 2 months, RM77,500 note to Addra in payment of account payable.
Feb	15	Sold merchandise for cash totaling RM33,000 which includes 6% sales tax.
Mar	31	Accrued interest for 2 months on Addra note.
Apr	1	Paid the face value and interest on Addra note.
July	1	Purchased furniture from Mega Company paying RM26,000 in cash and signing a 8%, 3 months, RM 67,000 note.
Sept	30	Accrued interest for 3 months on Mega note.
Oct	1	Paid the face value and interest on Mega note.
Dec	1	Borrowed RM84,000 from the Apro Bank by issuing 3 months, 7% interest bearing note with a face value of RM84,000.
Dec	31	Recognized interest expense for 1 month on Apro Bank note.

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Required

Prepare the journal entries for the above transactions. (12 marks)
Round up your answers to two decimal places.

Part C

List the **FOUR (4)** major types of current liabilities. (2 marks)

(Total: 25 marks)

End of Paper